

## Message Text

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GENEVA FOR SPRUCE, BANGKOK FOR US TEXTILE TEAM

E.O. 11652:N/A

TAGS:ETRD, TH

SUBJECT: TSB REPORT ON IMPLEMENTATION OF MFA.

REF: MANILA 12120

1. WASHINGTON AGENCIES AND US TSB REPRESENTATIVE HAVE  
REVISED DRAFT CONTRIBUTION FOR TSB'S COUNTRY RPT ON  
US. TEXT FOLLOWS BELOW:

COUNTRY REPORT USA

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FULFILLMENT OF ITS MFA OBLIGATIONS HAS BEEN A

BASIC OBJECTIVE OF U.S. TEXTILE TRADE POLICY SINCE ACCEPTANCE OF THE ARRANGEMENT IN 1974. AT THAT TIME, THE UNITED STATES BEGAN ITS REVIEW OF ALL RESTRAINTS AS CALLED FOR IN ARTICLE 2:1. IN ALL, THE UNITED STATES HAD 30 BILATERAL TEXTILE AND APPAREL AGREEMENTS AND FOUR UNILATERAL IMPORT RESTRAINTS TAKEN UNDER ARTICLE 3 OF THE LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES (LTA).

AS A RESULT OF THIS REVIEW, THE UNITED STATES TERMINATED 12 OF THESE BILATERAL RESTRAINT AGREEMENTS AND ALL OF ITS UNILATERAL IMPORT RESTRAINTS. THE 12 TERMINATED BILATERAL RESTRAINT AGREEMENTS WERE WITH: CZECHOSLOVAKIA, EL SALVADOR, GREECE, HUNGARY, ITALY, JAMAICA, MALTA, NICARAGUA, PERU, PORTUGAL, SPAIN AND YUGOSLAVIA. WITH THE EXCEPTION OF EL SALVADOR ALL OF THE AGREEMENTS PROVIDING FOR TERMINATION OF RESTRAINTS ALSO PROVIDE FOR CONSULTATIONS BETWEEN THE PARTIES SHOULD ISSUES ARISE CONCERNING THEIR TEXTILE TRADE. THE TERMINATED ARTICLE 3 RESTRAINTS WERE WITH BELIZE, BARBADOS, COSTA RICA AND GHANA.

THE UNITED STATES RENEGOTIATED BILATERAL AGREEMENTS WITH BRAZIL, COLOMBIA, EGYPT, HAITI, HONG KONG, INDIA, JAPAN, KOREA, MACAO, MALAYSIA, MEXICO, PAKISTAN, PHILIPPINES, POLAND, REPUBLIC OF CHINA, ROMANIA, AND SINGAPORE. IN ADDITION TO LIBERALIZING ACCESS FOR COTTON TEXTILE PRODUCTS IN ORDER TO BRING AGREEMENTS CONCLUDED PRIOR TO MFA INTO CONFORMITY WITH THE MORE GENEROUS PROVISIONS OF THE MFA, THE NEW AGREEMENTS WITH COLOMBIA, HAITI, MEXICO, THE PHILIPPINES AND THAILAND COVERED TEXTILE PRODUCTS OF MAN-MADE FIBER AND WOOL. THE MARKET ACCESS AFFORDED TO THESE NEWLY COVERED PRODUCTS SUBSTANTIALLY EXCEEDED PREVIOUS TRADE LEVELS.

IN NEGOTIATING NEW AGREEMENTS AND REVISING PREVIOUS AGREEMENTS FOLLOWING ACCEPTANCE OF THE MFA THE UNITED STATES PROVIDED TO THE COUNTRIES WITH WHICH IT HAS BILATERAL TEXTILE AGREEMENTS INCREASES IN ACCESS LIMITED OFFICIAL USE

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TO THE UNITED STATES MARKET WHICH SUBSTANTIALLY EXCEED THE RATE OF INCREASE REQUIRED UNDER PARAGRAPH 2 OF ANNEX B OF THE MFA. AGREEMENT PROVISIONS WERE ALSO LIBERALIZED, INCLUDING THOSE WHICH APPLY TO ANNUAL GROWTH RATES, THE PERCENTAGE OF LEVELS WHICH MAY BE TRANSFERRED AND THE PERCENTAGE OF UNUSED LEVELS WHICH MAY BE CARRIED OVER TO A SUCCEEDING YEAR. IN ADDITION, ALL EXPORTING COUNTRIES WERE GIVEN THE

RIGHT TO BORROW FROM FUTURE YEARS. WITHIN THE AGGREGATE LEVEL OF THE AGREEMENTS, MANY SPECIFIC CEILINGS WERE REPLACED BY LEVELS THAT ARE SUBJECT TO CONSULTATIONS. OFTEN LEVELS FOR SIMILAR PRODUCTS WERE COMBINED SO THAT THE EXPORTING COUNTRY COULD REACT MORE QUICKLY TO MARKET CHANGES AND TAKE ADVANTAGE OF A LEVEL WHICH EFFECTIVELY WAS LARGER THAN BEFORE. THE UNITED STATES GRANTED EXEMPTIONS FOR COTTAGE INDUSTRY PRODUCTS AND TRADITIONAL TEXTILES ITEMS IN ACCORDANCE WITH ARTICLE 12:3.

IN IMPLEMENTING THE NEW AGREEMENTS THE UNITED STATES HAS SOUGHT TO CARRY OUT THE LETTER AND SPIRIT OF THE MFA. WHEREVER POSSIBLE, THE UNITED STATES

HAS BEEN FLEXIBLE AND RESPONDED POSITIVELY TO REQUESTS FROM BILATERAL PARTNERS THAT WOULD HELP THEM MAXIMIZE THEIR EXPORT POTENTIAL. THE UNITED STATES HAS READILY ACCEPTED REQUESTS FROM BILATERAL PARTNERS TO RAISE CONSULTATIONS LEVELS WHENEVER SUCH INCREASES WOULD NOT WORSEN SERIOUS MARKET PROBLEMS. TECHNICAL ASSISTANCE AND ADMINISTRATIVE TRAINING HAVE BEEN GIVEN TO MANY BILATERAL PARTNERS TO HELP THEM FULLY UTILIZE THE VARIOUS FEATURES OF THEIR AGREEMENTS AND TO MINIMIZE THE NUMBER OF ADMINISTRATIVE PROBLEMS THAT MIGHT ARISE.

THE RESULT OF THE UNITED STATES ATTITUDE TOWARD ITS MFA COMMITMENTS IS THAT UNITED STATES BILATERAL PARTNERS HAVE BEEN PROVIDED WITH SIGNIFICANT OPPORTUNITIES TO EXPAND THEIR TEXTILE AND APPAREL EXPORTS TO THE UNITED STATES MARKET. THE DEGREE TO WHICH MARKET ACCESS HAS BEEN ENHANCED HAS VARIED WITH THE LIMITED OFFICIAL USE

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CONDITION OF THE UNITED STATES MARKET FOR INDIVIDUAL TEXTILE PRODUCTS. NEVERTHELESS, THE NEW AGREEMENT LEVELS AND FLEXIBILITY PROVISIONS INCREASE ACCESS FOR ALL PRODUCTS BEYOND THE RATE REQUIRED UNDER PARAGRAPH 2 OF ANNEX B.

2. WASHINGTON AGENCIES ARE ALSO PREPARING TABLE ON STATUS OF US ACTIONS IN RESPECT TO ARTICLE 2 AND ON NEW RESTRICTIONS INTRODUCED SINCE MFA CAME INTO FORCE. TABLE IS INTENDED TO UPDATE PART 3 IN "TABULATION" OF PREVIOUS REPORT OF TSB TO THE GATT TEXTILE COMMITTEE ON ARTICLE 2 COMPLIANCE AND RESTRICTIVE MEASURES TAKEN UNDER THE MFA (COMTEX/SB/115 AUGUST 28, 1975). TEXTILE TEAM COMMENTS ON DRAFT CONTRIBUTION WOULD BE APPRECIATED. WE SUGGEST THAT IF TEAM CONCURS IN DRAFT TEXT, IT

SHOULD ADVISE GENEVA DIRECTLY. ROBINSON

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